

Publication 590-A

Contributions to Individual Retirement Arrangements (IRAs)

For use in preparing

2024 Returns

Volume 1 of 4



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Future Developments

For the latest information about developments related to Pub. 590-A, such as legislation enacted after it was published, go to [IRS.gov/Pub590A](https://www.irs.gov/pub590a).

What's New for 2024

IRA contribution limit increased for 2024. Beginning in 2024, the IRA contribution limit is increased to \$7,000 (\$8,000 for individuals age 50 or older) from \$6,500 (\$7,500 for individuals age 50 or older).

Distributions to victims of domestic abuse. Beginning with distributions made after December 31, 2023, a distribution to a domestic abuse victim is not subject to the

10% additional tax on early distributions if the distribution meets certain requirements. See Pub. 590-B for more information.

Distributions for emergency personal expenses. Beginning with distributions made after December 31, 2023, the exception to the 10% additional tax for early distributions is expanded to include distributions for certain emergency personal expenses. See Pub. 590-B for more information.

Qualified tuition program rollover to a Roth IRA. Beginning with distributions made after December 31, 2023, a beneficiary of a section 529 qualified tuition program is permitted to roll over a distribution from a section 529 account into a Roth IRA for the beneficiary if certain requirements are met. See *Qualified tuition program rollover to a Roth IRA*, later.

Modified AGI limit for traditional IRA contributions. For 2024, if you are covered by a retirement plan at work, your deduction for contributions to a traditional IRA is reduced (phased out) if your modified AGI is:

- More than \$123,000 but less than \$143,000 for a married couple filing a joint return or a qualifying surviving spouse,
- More than \$77,000 but less than \$87,000 for a single individual or head of household, or
- Less than \$10,000 for a married individual filing a separate return.

Modified AGI limit for certain married individuals. If you are married and your spouse is covered by a retirement plan at work and you aren't, and you live with your spouse or file a joint return, your deduction is phased out if your modified AGI is more than \$230,000 (up from \$218,000 for 2023) but

less than \$240,000 (up from \$228,000 for 2023). If your modified AGI is \$240,000 or more, you can't take a deduction for contributions to a traditional IRA.

Modified AGI limit for Roth IRA contributions. For 2024, your Roth IRA contribution limit is reduced (phased out) in the following situations.

- Your filing status is married filing jointly or qualifying surviving spouse and your modified AGI is at least \$230,000. You can't make a Roth IRA contribution if your modified AGI is \$240,000 or more.
- Your filing status is single, head of household, or married filing separately and you didn't live with your spouse at any time in 2024 and your modified AGI is at least \$146,000. You can't make a Roth IRA contribution if your modified AGI is \$161,000 or more.

- Your filing status is married filing separately, you lived with your spouse at any time during the year, and your modified AGI is more than zero. You can't make a Roth IRA contribution if your modified AGI is \$10,000 or more.

What's New for 2025

IRA contribution limit for 2025. For 2025, the IRA contribution limit remains \$7,000 (\$8,000 for individuals age 50 or older).

Modified AGI limit for traditional IRA contributions increased. For 2025, if you are covered by a retirement plan at work, your deduction for contributions to a traditional IRA is reduced (phased out) if your modified AGI is:

- More than \$126,000 but less than \$146,000 for a married couple filing a joint return or a qualifying surviving spouse,

- More than \$79,000 but less than \$89,000 for a single individual or head of household, or
- Less than \$10,000 for a married individual filing a separate return.

Modified AGI limit for certain married individuals increased. If you are married and your spouse is covered by a retirement plan at work and you aren't, and you live with your spouse or file a joint return, your deduction is phased out if your modified AGI is more than \$236,000 (up from \$230,000 for 2024) but less than \$246,000 (up from \$240,000 for 2024). If your modified AGI is \$246,000 or more, you can't take a deduction for contributions to a traditional IRA.

Modified AGI limit for Roth IRA contributions increased. For 2025, your Roth IRA contribution limit is reduced (phased out) in the following situations.

- Your filing status is married filing jointly or qualifying surviving spouse and your modified AGI is at least \$236,000. You can't make a Roth IRA contribution if your modified AGI is \$246,000 or more.
- Your filing status is single, head of household, or married filing separately and you didn't live with your spouse at any time in 2025 and your modified AGI is at least \$150,000. You can't make a Roth IRA contribution if your modified AGI is \$165,000 or more.
- Your filing status is married filing separately, you lived with your spouse at any time during the year, and your modified AGI is more than zero. You can't make a Roth IRA contribution if your modified AGI is \$10,000 or more.

Reminders

Increase in required minimum

distribution age. Individuals who reach age 72 after December 31, 2022, may delay receiving their required minimum distributions (RMDs) until April 1 of the year following the year in which they turn age 73.

Qualified disaster tax relief. The special rules that provide for tax-favored withdrawals and repayments from certain qualified plans for taxpayers who suffered an economic loss as a result of a qualified disaster were made permanent by the SECURE 2.0 Act of 2022.

A qualified disaster is a major disaster that occurred on or after January 26, 2021, and was declared by the President after December 27, 2020, under section 401 of the Robert T. Stafford Disaster Relief and Emergency Act. For more information, see *Disaster-Related Relief* in Pub. 590-B, Distributions from Individual Retirement Arrangements (IRAs).

Certain corrective distributions not subject to 10% early distribution tax.

Beginning on December 29, 2022, the 10% additional tax on early distributions will not apply to a corrective IRA distribution, which consists of an excess contribution (a contribution greater than the IRA contribution limit) and any earnings allocable to the excess contribution, as long as the corrective distribution is made on or before the due date (including extensions) of the income tax return.

Divorce or separation instruments after 2018. Amounts paid as alimony or separate maintenance payments under a divorce or separation instrument executed after 2018 won't be deductible by the payer. Such amounts also won't be includible in the income of the recipient. The same is true of alimony paid under a divorce or separation instrument executed before 2019 and modified after 2018, if the modification

expressly states that the alimony isn't deductible to the payer or includible in the income of the recipient. For more information, see Pub. 504.

IRA interest. Although interest earned from your IRA is generally not taxed in the year earned, it isn't tax-exempt interest. Tax on your traditional IRA is generally deferred until you take a distribution. Don't report this interest on your return as tax-exempt interest. For more information on tax-exempt interest, see the instructions for your tax return.

Photographs of missing children. The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

This publication discusses contributions to individual retirement arrangements (IRAs). An IRA is a personal savings plan that gives you tax advantages for setting aside money for retirement. For information about distributions (including rollovers) from an IRA, see Pub. 590-B.

What are some tax advantages of an IRA? Two tax advantages of an IRA are that:

- Contributions you make to an IRA may be fully or partially deductible, depending on which type of IRA you have and on your circumstances; and
- Generally, amounts in your IRA (including earnings and gains) aren't taxed until distributed. In some cases, amounts aren't taxed at all if distributed according to the rules.

What's in this publication? This publication discusses contributions to traditional and Roth IRAs. It explains the rules for:

- Setting up an IRA,
- Contributing to an IRA,
- Transferring money or property to and from an IRA, and
- Taking a credit for contributions to an IRA.

It also explains the penalties and additional taxes that apply when the rules aren't followed. To assist you in complying with the tax rules for IRAs, this publication contains worksheets and sample forms, which can be found throughout the publication and in the appendices at the end of the publication.

How to use this publication.

The rules that you must follow depend on which type of IRA you have. Use Table I-1 to help you determine which parts of this publication to read.

Also use Table I-1 if you were referred to this publication from instructions to a form.

Comments and suggestions. We welcome your comments about this publication and suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications.

Don't send tax questions, tax returns, or payments to the above address.

Getting answers to your tax questions. If you have a tax question not answered by this publication or the *How To Get Tax Help* section at the end of this publication,

go to the IRS Interactive Tax Assistant page at [IRS.gov/ Help/ITA](https://www.irs.gov/Help/ITA) where you can find topics by using the search feature or viewing the categories listed.

Getting tax forms, instructions, and publications. Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to download current and prior-year forms, instructions, and publications.

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Useful Items

You may want to see:

Publications

- ☐ **505** Tax Withholding and Estimated Tax
- ☐ **590-B** Distributions from Individual Retirement Arrangements (IRAs)
- ☐ **560** Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)
- ☐ **571** Tax-Sheltered Annuity Plans (403(b) Plans)
- ☐ **575** Pension and Annuity Income
- ☐ **939** 939 General Rule for Pensions and Annuities
- ☐ **Forms (and Instructions)**
- ☐ **W-4P** Withholding Certificate for Pension or Annuity Payments

- ❑ **1099-R** Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- ❑ **5304-SIMPLE** Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—Not for Use With a Designated Financial Institution
- ❑ **5305-S** SIMPLE Individual Retirement Trust Account
- ❑ **5305-SA** SIMPLE Individual Retirement Custodial Account
- ❑ **5305-SIMPLE** Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—for Use With a Designated Financial Institution.
- ❑ **5329** Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts
- ❑ **5498** IRA Contribution Information
- ❑ **8606** Nondeductible IRAs

- **8815** Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989
- **8839** Qualified Adoption Expenses
- **8880** Credit for Qualified Retirement Savings Contributions
- **8915-D** Qualified 2019 Disaster Retirement Plan Distributions and Repayments
- **8915-F** Qualified Disaster Retirement Plan Distributions and Repayments

See *How To Get Tax Help* near the end of this publication for information about getting these publications and forms.

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Table I-1. Using This Publication

IF you need information on...	THEN see...
traditional IRAs	chapter 1.
Roth IRAs	chapter 2 , and parts of chapter 1.
the credit for qualified retirement savings contributions (saver's credit)	chapter 3.
how to keep a record of your contributions to, and distributions from, your traditional IRA(s)	Appendix A.
SEP IRAs, SIMPLE IRAs, and 401(k) plans	Pub. 560.
Coverdell education savings accounts (ESAs) (formerly called education IRAs)	Pub. 970.
IF for 2024, you: <ul style="list-style-type: none"> received <i>social security</i> benefits, had taxable compensation, contributed to a traditional IRA, and you or your spouse was covered by an employer retirement plan, and you want to...	THEN see...
first figure your modified adjusted gross income (AGI)	Appendix B, Worksheet 1.
then figure how much of your traditional IRA contribution you can deduct	Appendix B, Worksheet 2.
and finally figure how much of your social security is taxable	Appendix B, Worksheet 3.

Table I-2. How Are a Traditional IRA and a Roth IRA Different?

This table shows the differences between traditional and Roth IRAs. Answers in the middle column apply to traditional IRAs. Answers in the right column apply to Roth IRAs.

Question	Answer	
	Traditional IRA?	Roth IRA?
Is there an age limit on when I can open and contribute to a	No. For tax years after 2019, you are able to contribute to your IRA even if you have reached age 70½ or older. See Who Can Open a Traditional IRA? in chapter 1.	No. You can be any age. See Can You Contribute to a Roth IRA? in chapter 2.
If I earned more than \$7,000 in 2024 (\$8,000 if I was age 50 or older by the end of 2024), is there a limit on how much I can contribute to a	Yes. For 2024, you can contribute to a traditional IRA up to: <ul style="list-style-type: none">• \$7,000, or• \$8,000 if you were age 50 or older by the end of 2024. There is no upper limit on how much you can earn and still contribute. See How Much Can Be Contributed? in chapter 1.	Yes. For 2024, you may be able to contribute to a Roth IRA up to: <ul style="list-style-type: none">• \$7,000, or• \$8,000 if you were age 50 or older by the end of 2024, but the amount you can contribute may be less than that depending on your income, your filing status, and if you contribute to another IRA. See How Much Can Be Contributed? and Table 2-1 in chapter 2.
Can I deduct contributions to a	Yes. You may be able to deduct your contributions to a traditional IRA depending on your income, your filing status, whether you are covered by a retirement plan at work, and whether you receive social security benefits. See How Much Can You Deduct? in chapter 1.	No. You can never deduct contributions to a Roth IRA. See What Is a Roth IRA? in chapter 2.
Do I have to file a form just because I contribute to a	Not unless you make nondeductible contributions to your traditional IRA. In that case, you must file Form 8606. See Nondeductible Contributions in chapter 1.	No. You don't have to file a form if you contribute to a Roth IRA. See Contributions not reported in chapter 2.

1.

Traditional IRAs

Introduction

This chapter discusses the original IRA. In this publication, the original IRA (sometimes called an ordinary or regular IRA) is referred to as a “traditional IRA.” A traditional IRA is any IRA that isn’t a Roth IRA or a SIMPLE IRA. The following are two advantages of a traditional IRA.

- You may be able to deduct some or all of your contributions to it, depending on your circumstances.
- Generally, amounts in your IRA, including earnings and gains, aren’t taxed until they are distributed.

Who Can Open a Traditional IRA?

You can open and make contributions to a traditional IRA if you (or, if you file a joint return, your spouse) received taxable compensation during the year.

You can have a traditional IRA whether or not you are covered by any other retirement plan. However, you may not be able to deduct all of your contributions if you or your spouse is covered by an employer retirement plan. See *How Much Can You Deduct*, later.



For tax years beginning after December 31, 2019, the rule that you are not able to make contributions to your traditional IRA for the year in which you reach age 70½ and all later years has been repealed.

Both spouses have compensation. If both you and your spouse have compensation, each of you can open an IRA. You can't both participate in the same IRA.

If you file a joint return, only one of you needs to have compensation.

What Is Compensation?

Generally, compensation is what you earn from working. For a summary of what compensation does and doesn't include, see Table 1-1. Compensation includes all of the items discussed next (even if you have more than one type).

Wages, salaries, etc. Wages, salaries, tips, professional fees, bonuses, and other amounts you receive for providing personal services are compensation. The IRS treats as compensation any amount properly shown in box 1 (Wages, tips, other compensation) of Form W-2, Wage and Tax Statement, provided that amount is reduced by any amount properly shown in box 11 (Nonqualified plans). A scholarship or fellowship is generally taxable compensation only if it is in box 1 of your Form W-2.

However, for tax years beginning after 2019, certain non-tuition fellowship and stipend payments not reported to you on Form W-2 are treated as taxable compensation for IRA purposes. These amounts include taxable non-tuition fellowship and stipend payments made to aid you in the pursuit of graduate or postdoctoral study and included in your gross income under the rules discussed in chapter 1 of Pub. 970, Tax Benefits for Education.

Commissions. An amount you receive that is a percentage of profits or sales price is compensation.

Self-employment income. If you are self-employed (a sole proprietor or a partner), compensation is the net earnings from your trade or business (provided your personal services are a material income-producing factor) reduced by the total of:

- The deduction for contributions made on your behalf to retirement plans, and

- The deduction allowed for the deductible part of your self-employment taxes.

Compensation includes earnings from self-employment even if they aren't subject to self-employment tax because of your religious beliefs.

Self-employment loss. If you have a net loss from self-employment, don't subtract the loss from your salaries or wages when figuring your total compensation.

Alimony and separate maintenance. For IRA purposes, compensation includes any taxable alimony and separate maintenance payments you receive under a decree of divorce or separate maintenance but only with respect to divorce or separation instruments executed on or before December 31, 2018, that have not been modified to exclude such amounts.

Nontaxable combat pay. If you were a member of the U.S. Armed Forces, compensation includes any nontaxable combat pay you received. This amount should be reported in box 12 of your 2024 Form W-2 with code Q.

Graduate or postdoctoral study. A scholarship or fellowship is generally taxable compensation only if it is in box 1 of your Form W-2. However, for tax years beginning after 2019, certain non-tuition fellowship and stipend payments not reported to you on Form W-2 are treated as taxable compensation for IRA purposes. These amounts include taxable non-tuition fellowship and stipend payments made to aid you in the pursuit of graduate or postdoctoral study and included in your gross income under the rules discussed in chapter 1 of Pub. 970.

Table 1-1. Compensation for Purposes of an IRA

Includes...	Doesn't include...
wages, salaries, etc.	earnings and profits from property.
commissions.	interest and dividend income.
self-employment income.	pension or annuity income.
taxable alimony and separate maintenance.	deferred compensation.
nontaxable combat pay.	income from certain partnerships.
taxable non-tuition fellowship and stipend payments.	any amounts you exclude from income.

What Isn't Compensation?

Compensation doesn't include any of the following items.

- Earnings and profits from property, such as rental income, interest income, and dividend income.
- Pension or annuity income.
- Deferred compensation received (compensation payments postponed from a past year).
- Income from a partnership for which you don't provide services that are a material income-producing factor.
- Conservation Reserve Program (CRP) payments reported on Schedule SE (Form 1040), line 1b.
- Any amounts (other than combat pay) you exclude from income, such as foreign earned income and housing costs.

When Can a Traditional IRA Be Opened?

You can open a traditional IRA at any time. However, the time for making contributions for any year is limited. See *When Can Contributions Be Made*, later.

How Can a Traditional IRA Be Opened?

You can open different kinds of IRAs with a variety of organizations. You can open an IRA at a bank or other financial institution or with a mutual fund or life insurance company. You can also open an IRA through your stockbroker. Any IRA must meet Internal Revenue Code requirements.

The requirements for the various arrangements are discussed below.

Kinds of traditional IRAs. Your traditional IRA can be an individual retirement account or annuity.

It can be part of either a SEP or an employer or employee association trust account.

Individual Retirement Account

An individual retirement account is a trust or custodial account set up in the United States for the exclusive benefit of you or your beneficiaries. The account is created by a written document. The document must show that the account meets all of the following requirements.

- The trustee or custodian must be a bank, a federally insured credit union, a savings and loan association, or an entity approved by the IRS to act as trustee or custodian.
- The trustee or custodian generally can't accept contributions of more than the deductible amount for the year. However, rollover contributions and employer contributions to a SEP can be more than this amount.

- Contributions, except for rollover contributions, must be in cash. See Rollovers, later.
- You must have a nonforfeitable right to the amount at all times.
- Money in your account can't be used to buy a life insurance policy.
- Assets in your account can't be combined with other property, except in a common trust fund or common investment fund.
- You must start receiving distributions by April 1 of the year following the year in which you reach age 73. See Pub. 590-B for more information about RMDs and other distribution rules.

Individual Retirement Annuity

You can open an individual retirement annuity by purchasing an annuity contract or an endowment contract from a life insurance company.

An individual retirement annuity must be issued in your name as the owner, and either you or your beneficiaries who survive you are the only ones who can receive the benefits or payments.

An individual retirement annuity must meet all the following requirements.

- Your entire interest in the contract must be nonforfeitable.
- The contract must provide that you can't transfer any portion of it to any person other than the issuer.
- There must be flexible premiums so that if your compensation changes, your payment can also change. This provision applies to contracts issued after November 6, 1978.
- The contract must provide that contributions can't be more than the deductible amount for an IRA for the year, and that you must use any refunded

premiums to pay for future premiums or to buy more benefits before the end of the calendar year after the year in which you receive the refund.

- Distributions must begin by April 1 of the year following the year in which you reach age 73. See Pub. 590-B for more information about RMDs and other distribution rules.

Individual Retirement Bonds

The sale of individual retirement bonds issued by the federal government was suspended after April 30, 1982. The bonds have the following features.

- They stop earning interest when you reach age $70\frac{1}{2}$. If you die, interest will stop 5 years after your death, or on the date you would have reached age $70\frac{1}{2}$, whichever is earlier.
- You can't transfer the bonds.

If you cash (redeem) the bonds before the year in which you reach age 59^{1/2}, you may be subject to a 10% additional tax. See Pub. 590-B for more information about the age 59^{1/2} rule for early distributions and other distribution rules. You can roll over redemption proceeds into IRAs.

SIMPLE IRAs

A SIMPLE IRA plan is a tax-favored retirement plan that certain small employers (including self-employed employees) can set up for the benefit of their employees. Contributions to the employees' SIMPLE IRA are made by the employers and are made up of salary reduction contributions and employer contributions which are either matching contributions or nonelective contributions. A SIMPLE IRA can be either a traditional SIMPLE IRA or a Roth SIMPLE IRA but are subject to different rules than traditional or Roth IRAs. See Pub. 560 for more information about SIMPLE IRA plans.

Simplified Employee Pension (SEP)

A SEP is a written plan that allows your employer to make contributions to a traditional SEP IRA or Roth SEP IRA set up for you (the employee) by your employer to receive such contributions. Contributions to SEP IRAs are subject to different limits than traditional and Roth IRAs but distributions are subject to traditional and Roth IRA rules. See Pub. 560 for more information about SEPs.

Employer and Employee Association Trust Accounts

Your employer or your labor union or other employee association can set up a trust to provide individual retirement accounts for employees or members, provided certain requirements are met (such as separate accounting). The requirements for individual retirement accounts apply to these traditional and Roth IRAs.

Required Disclosures

The trustee or issuer (sometimes called the sponsor) of your traditional IRA must generally give you a disclosure statement at least 7 days before you open your IRA.

However, the sponsor doesn't have to give you the statement until the date you open (or purchase, if earlier) your IRA, provided you are given at least 7 days from that date to revoke the IRA.

The disclosure statement must explain certain items in plain language. For example, the statement should explain when and how you can revoke the IRA, and include the name, address, and telephone number of the person to receive the notice of cancellation. This explanation must appear at the beginning of the disclosure statement.

If you revoke your IRA within the revocation period, the sponsor must return to you the entire amount you paid.

The sponsor must report on the appropriate IRS forms both your contribution to the IRA (unless it was made by a trustee-to-trustee transfer) and the amount returned to you. These requirements apply to all sponsors.

How Much Can Be Contributed?

There are limits and other rules that affect the amount that can be contributed to a traditional IRA. These limits and rules are explained below.

Community property laws. Except as discussed later under *Kay Bailey Hutchison Spousal IRA Limit*, each spouse figures their limit separately, using their own compensation. This is the rule even in states with community property laws.

Brokers' commissions. Brokers' commissions paid in connection with your traditional IRA are subject to the contribution limit.

For information about whether you can deduct brokers' commissions, see *Brokers' commissions*, later, under *How Much Can You Deduct*.

Trustees' fees. Trustees' administrative fees aren't subject to the contribution limit. For information about whether you can deduct trustees' fees, see *Trustees' fees*, later, under *How Much Can You Deduct*.

Qualified reservist repayments. If you were a member of a reserve component and you were ordered or called to active duty after September 11, 2001, you may be able to contribute (repay) to an IRA amounts equal to any qualified reservist distributions (defined under *Early Distributions* in Pub. 590-B) you received. You can make these repayment contributions even if they would cause your total contributions to the IRA to be more than the general limit on contributions.

To be eligible to make these repayment contributions, you must have received a qualified reservist distribution from an IRA or from a section 401(k) or 403(b) plan or a similar arrangement. See *Early Distributions* in Pub. 590-B for more information on qualified reservist distributions.

Limit. Your qualified reservist repayments can't be more than your qualified reservist distributions.

When repayment contributions can be made. You can't make these repayment contributions later than the date that is 2 years after your active duty period ends.

No deduction. You can't deduct qualified reservist repayments.

Reserve component. The term "reserve component" means the:

- Army National Guard of the United States,
- Army Reserve,

- Naval Reserve,
- Marine Corps Reserve,
- Air National Guard of the United States,
- Air Force Reserve,
- Coast Guard Reserve, or
- Reserve Corps of the Public Health Service.

Figuring your IRA deduction. The repayment of qualified reservist distributions doesn't affect the amount you can deduct as an IRA contribution.

Reporting the repayment. If you repay a qualified reservist distribution, include the amount of the repayment with nondeductible contributions on line 1 of Form 8606.

Example. In 2024, your IRA contribution limit is \$7,000. However, because of your filing status and AGI, the limit on the amount you can deduct is \$3,500.

You can make a nondeductible contribution of \$3,500 ($\$7,000 - \$3,500$). In an earlier year, you received a \$3,000 qualified reservist distribution, which you would like to repay this year.

For 2024, you can contribute a total of \$10,000 to your IRA. This is made up of the maximum deductible contribution of \$3,500; a nondeductible contribution of \$3,500; and a \$3,000 qualified reservist repayment. You contribute the maximum allowable for the year. Because you are making a nondeductible contribution (\$3,500) and a qualified reservist repayment (\$3,000), you must file Form 8606 with your return and include \$6,500 ($\$3,500 + \$3,000$) on line 1 of Form 8606. The qualified reservist repayment isn't deductible.



Contributions on your behalf to a traditional IRA reduce your limit for contributions to a Roth IRA. See chapter 2 for information about Roth IRAs.

General Limit

For 2024, the most that can be contributed to your traditional IRA is generally the smaller of the following amounts.

- \$7,000 (\$8,000 if you are age 50 or older).
- Your taxable compensation (defined earlier) for the year.

Note. This limit is reduced by any contributions to a section 501(c)(18) plan (generally, a pension plan created before June 25, 1959, that is funded entirely by employee contributions).

This is the most that can be contributed regardless of whether the contributions are to one or more traditional IRAs or whether all or part of the contributions are nondeductible. (See Nondeductible Contributions, later.) Qualified reservist repayments don't affect this limit.

Examples. Gina, who is 34 years old and single, earns \$24,000 in 2024. Her IRA contributions for 2024 are limited to \$7,000.

Danny, an unmarried college student working part time, earns \$3,500 in 2024. His IRA contributions for 2024 are limited to \$3,500, the amount of his compensation.

More than one IRA. If you have more than one IRA, the limit applies to the total contributions made on your behalf to all your traditional IRAs for the year.

Annuity or endowment contracts. If you invest in an annuity or endowment contract under an individual retirement annuity, no more than \$7,000 (\$8,000 if you are age 50 or older) can be contributed toward its cost for the tax year, including the cost of life insurance coverage. If more than this amount is contributed, the annuity or endowment contract is disqualified.

Kay Bailey Hutchison Spousal IRA Limit

For 2024, if you file a joint return and your taxable compensation is less than that of your spouse, the most that can be contributed for the year to your IRA is the smaller of the following two amounts.

1. \$7,000 (\$8,000 if you are age 50 or older).
2. The total compensation includible in the gross income of both you and your spouse for the year, reduced by the following two amounts.
 - a. Your spouse's IRA contribution for the year to a traditional IRA.
 - b. Any contributions for the year to a Roth IRA on behalf of your spouse.

This means that the total combined contributions that can be made for the year to your IRA and your spouse's IRA can be as

much as \$14,000 (\$15,000 if only one of you is age 50 or older, or \$16,000 if both of you are age 50 or older).

Note. This traditional IRA limit is reduced by any contributions to a section 501(c)(18) plan (generally, a pension plan created before June 25, 1959, that is funded entirely by employee contributions).

Example. You are a full-time student with no taxable compensation and marry during the year. Neither you nor your spouse are at least age 50 by the end of 2024. Your spouse has taxable compensation of \$30,000. Your spouse plans to contribute (and deduct) \$7,000 to a traditional IRA. If you and your spouse file a joint return, you and your spouse can each contribute \$7,000 to a traditional IRA. Because you have no compensation, you can add your spouse's compensation, reduced by the amount of your spouse's IRA contribution ($\$30,000 - \$7,000 = \$23,000$), to your compensation (-0-) to

figure your maximum contribution to a traditional IRA. In your case, \$7,000 is your contribution limit, because \$7,000 is less than \$23,000 (your compensation for purposes of figuring your contribution limit).

Filing Status

Generally, except as discussed earlier under *Kay Bailey Hutchison Spousal IRA Limit*, your filing status has no effect on the amount of allowable contributions to your traditional IRA. However, if during the year either you or your spouse was covered by a retirement plan at work, your deduction may be reduced or eliminated, depending on your filing status and income. See *How Much Can You Deduct*, later.

Example. You and your spouse are both age 53. You both work and you both have a traditional IRA. You earned \$3,800 and your spouse earned \$48,000 in 2024.

Because of the Kay Bailey Hutchison Spousal IRA limit rule, even though you earned less than \$8,000, you can contribute up to \$8,000 to your IRA for 2024 if you file a joint return. Your spouse can contribute up to \$8,000 to their IRA. If you file separate returns, the amount that can be contributed to your IRA is limited by your earned income, \$3,800.

Less Than Maximum Contributions

If contributions to your traditional IRA for a year were less than the limit, you can't contribute more after the due date of your return for that year to make up the difference.

Example. You are age 40 and earn \$30,000 in 2024. Although you can contribute up to \$7,000 for 2024, you contribute only \$3,000. After April 15, 2025, you can't make up the difference between your actual contributions for 2024 (\$3,000) and your 2024 limit (\$7,000). You can't contribute \$4,000 more than the limit for any later year.

More Than Maximum Contributions

If contributions to your IRA for a year were more than the limit, you can apply the excess contribution in one year to a later year if the contributions for that later year are less than the maximum allowed for that year. However, a penalty or additional tax may apply. See *Excess Contributions*, later, under *What Acts Result in Penalties or Additional Taxes*.

When Can Contributions Be Made?

As soon as you open your traditional IRA, contributions can be made to it through your chosen sponsor (trustee or other administrator). Contributions must be in the form of money (cash, check, or money order). Property can't be contributed.

Although property can't be contributed, your IRA may invest in certain property. For example, your IRA may purchase shares of stock. For other restrictions on the use of funds in your IRA, see *Prohibited*

Transactions, later in this chapter. You may be able to transfer or roll over certain property from one retirement plan to another. See the discussion of rollovers and other transfers later in this chapter under Can You Move Retirement Plan Assets.



You can make a contribution to your IRA by having your income tax refund (or a portion of your refund), if any, paid directly to your traditional IRA, Roth IRA, or SEP IRA. For details, see the instructions for your income tax return or Form 8888, Allocation of Refund.

Contributions can be made to your traditional IRA for each year that you receive compensation. For any year in which you don't work, contributions can't be made to your IRA unless you receive taxable alimony, nontaxable combat pay, or military differential pay, or file a joint return with a spouse who has compensation. See Who Can Open a Traditional IRA, earlier.

Even if contributions can't be made for the current year, the amounts contributed for years in which you did qualify can remain in your IRA. Contributions can resume for any years that you qualify.

Contributions must be made by due date.

Contributions can be made to your traditional IRA for a year at any time during the year or by the due date for filing your return for that year, not including extensions. For most people, this means that contributions for 2024 must be made by April 15, 2025.



For tax years beginning after 2019, the rule that you are not able to make contributions to your traditional IRA for the year in which you reach 70½ and all later years has been repealed.

Designating year for which contribution is made. If an amount is contributed to your traditional IRA between January 1 and April 15, you should tell the sponsor which year (the current year or the previous year) the

contribution is for. If you don't tell the sponsor which year it is for, the sponsor can assume, and report to the IRS, that the contribution is for the current year (the year the sponsor received it).

Filing before a contribution is made. You can file your return claiming a traditional IRA contribution before the contribution is actually made. Generally, the contribution must be made by the due date of your return, not including extensions.

Contributions not required. You don't have to contribute to your traditional IRA for every tax year, even if you can.

How Much Can You Deduct?

Generally, you can deduct the lesser of:

- The contributions to your traditional IRA for the year, or
- The general limit (or the Kay Bailey Hutchison Spousal IRA limit, if applicable)

explained earlier under How Much Can Be Contributed.

However, if you or your spouse was covered by an employer retirement plan, you may not be able to deduct this amount. See Limit if Covered by Employer Plan, later.



You may be able to claim a credit for contributions to your traditional IRA. For more information, see chapter 3.

Trustees' fees. Trustees' administrative fees that are billed separately and paid in connection with your traditional IRA aren't deductible as IRA contributions. You are also not able to deduct these fees as an itemized deduction.

Brokers' commissions. These commissions are part of your IRA contribution and, as such, are deductible subject to the limits.

Full deduction. If neither you nor your spouse was covered for any part of the year by an employer retirement plan,

you can take a deduction for total contributions to one or more of your traditional IRAs of up to the lesser of:

- \$7,000 (\$8,000 if you are age 50 or older), or
- 100% of your compensation.

This limit is reduced by any contributions made to a section 501(c)(18) plan on your behalf.

Kay Bailey Hutchison Spousal IRA. In the case of a married couple with unequal compensation who file a joint return, the deduction for contributions to the traditional IRA of the spouse with less compensation is limited to the lesser of:

1. \$7,000 (\$8,000 if the spouse with the lower compensation is age 50 or older), or
2. The total compensation includible in the gross income of both spouses for

the year reduced by the following three amounts.

- a. The IRA deduction for the year of the spouse with the greater compensation.
- b. Any designated nondeductible contribution for the year made on behalf of the spouse with the greater compensation.
- c. Any contributions for the year to a Roth IRA on behalf of the spouse with the greater compensation.

This limit is reduced by any contributions to a section 501(c)(18) plan on behalf of the spouse with the lesser compensation.

Note. If you were divorced or legally separated (and didn't remarry) before the end of the year, you can't deduct any contributions to your spouse's IRA.

After a divorce or legal separation, you can deduct only the contributions to your own IRA. Your deductions are subject to the rules for single individuals.

Covered by an employer retirement plan.

If you or your spouse was covered by an employer retirement plan at any time during the year for which contributions were made, your deduction may be further limited.

This is discussed later under *Limit if Covered by Employer Plan*. Limits on the amount you can deduct don't affect the amount that can be contributed.

Are You Covered by an Employer Plan?

The Form W-2 you receive from your employer has a box used to indicate whether you were covered for the year. The "Retirement plan" box should be checked if you were covered.

Reservists and volunteer firefighters should also see *Situations in Which You Aren't Covered*, later.

If you aren't certain whether you were covered by your employer's retirement plan, you should ask your employer.

Federal judges. For purposes of the IRA deduction, federal judges are covered by an employer plan.

For Which Year(s) Are You Covered?

Special rules apply to determine the tax years for which you are covered by an employer plan. These rules differ depending on whether the plan is a defined contribution plan or a defined benefit plan.

Tax year. Your tax year is the annual accounting period you use to keep records and report income and expenses on your income tax return. For almost all people, the tax year is the calendar year.

Defined contribution plan. Generally, you are covered by a defined contribution plan for a tax year if amounts are contributed or allocated to your account for the plan year that ends with or within that tax year. However, also see *Situations in Which You Aren't Covered*, later.

A defined contribution plan is a plan that provides for a separate account for each person covered by the plan. In a defined contribution plan, the amount to be contributed to each participant's account is spelled out in the plan.

The level of benefits actually provided to a participant depends on the total amount contributed to that participant's account and any earnings and losses on those contributions. Types of defined contribution plans include profit-sharing plans, stock bonus plans, and money purchase pension plans.

Example. Company A has a money purchase pension plan. Its plan year is from July 1 to June 30. The plan provides that contributions must be allocated as of June 30. An employee leaves Company A on December 31, 2023. The contribution for the plan year ending on June 30, 2024, is made February 15, 2025. Because an amount is contributed to the employee's account for the plan year, this employee is covered by the plan for their 2024 tax year.

Note. A special rule applies to certain plans in which it isn't possible to determine if an amount will be contributed to your account for a given plan year. If, for a plan year, no amounts have been allocated to your account that are attributable to employer contributions, employee contributions, or forfeitures, by the last day of the plan year, and contributions are discretionary for the plan year, you aren't covered for the tax year in which the plan year ends.

If, after the plan year ends, the employer makes a contribution for that plan year, you are covered for the tax year in which the contribution is made.

Example. You were covered by a profit-sharing plan and left the company on December 31, 2023. The plan year runs from July 1 to June 30. Under the terms of the plan, employer contributions don't have to be made, but if they are made, they are contributed to the plan before the due date for filing the company's tax return. Such contributions are allocated as of the last day of the plan year, and allocations are made to the accounts of individuals who have any service during the plan year. As of June 30, 2024, no contributions were made that were allocated to the June 30, 2024, plan year, and no forfeitures had been allocated within the plan year.

In addition, as of that date, the company wasn't obligated to make a contribution for such plan year, and it was impossible to determine whether or not a contribution would be made for the plan year. On December 31, 2024, the company decided to contribute to the plan for the plan year ending June 30, 2024. That contribution was made on February 15, 2025. You are an active participant in the plan for your 2025 tax year but not for your 2024 tax year.

No vested interest. If an amount is allocated to your account for a plan year, you are covered by that plan even if you have no vested interest in (legal right to) the account.

Defined benefit plan. If you are eligible to participate in your employer's defined benefit plan for the plan year that ends within your tax year, you are covered by the plan. This rule applies even if you:

- Declined to participate in the plan,

- Didn't make a required contribution, or
- Didn't perform the minimum service required to accrue a benefit for the year.

A defined benefit plan is any plan that isn't a defined contribution plan. In a defined benefit plan, the level of benefits to be provided to each participant is spelled out in the plan.

The plan administrator figures the amount needed to provide those benefits, and those amounts are contributed to the plan. Defined benefit plans include pension plans and annuity plans.

Example. You are an employee of Company B and are eligible to participate in Company B's defined benefit plan, which has a July 1 to June 30 plan year. You leave Company B on December 31, 2023. Because you are eligible to participate in the plan for its year ending June 30, 2024, you are covered by the plan for your 2024 tax year.

No vested interest. If you accrue a benefit for a plan year, you are covered by that plan even if you have no vested interest in (legal right to) the accrual.

Situations in Which You Aren't Covered

Unless you are covered by another employer plan, you aren't covered by an employer plan if you are in one of the situations described below.

Social security or railroad retirement.

Coverage under social security or railroad retirement isn't coverage under an employer retirement plan.

Benefits from previous employer's plan.

If you receive retirement benefits from a previous employer's plan, you aren't covered by that plan.

Reservists. If the only reason you participate in a plan is because you are a member of a reserve unit of the Armed Forces, you may not be covered by the plan.

You aren't covered by the plan if both of the following conditions are met.

1. The plan you participate in is established for its employees by:
 - a. The United States,
 - b. A state or political subdivision of a state, or
 - c. An instrumentality of either (a) or (b) above.
2. You didn't serve more than 90 days on active duty during the year (not counting duty for training).

Volunteer firefighters. If the only reason you participate in a plan is because you are a volunteer firefighter, you may not be covered by the plan. You aren't covered by the plan if both of the following conditions are met.

1. The plan you participate in is established for its employees by:

- a. The United States,
 - b. A state or political subdivision of a state, or
 - c. An instrumentality of either (a) or (b) above.is determined under the “Single” filing status).
2. Your accrued retirement benefits at the beginning of the year won’t provide more than \$1,800 per year at retirement.

Limit if Covered by Employer Plan

As discussed earlier, the deduction you can take for contributions made to your traditional IRA depends on whether you or your spouse was covered for any part of the year by an employer retirement plan. Your deduction is also affected by how much income you had and by your filing status. Your deduction may also be affected by social security benefits you received.

Table 1-2. **Effect of Modified AGI¹ on Deduction if You Are Covered by a Retirement Plan at Work**

If you are covered by a retirement plan at work, use this table to determine if your modified AGI affects the amount of your deduction.

IF your filing status is...	AND your modified AGI is...	THEN you can take...
single or head of household	\$77,000 or less	a full deduction.
	more than \$77,000 but less than \$87,000	a partial deduction.
	\$87,000 or more	no deduction.
married filing jointly or qualifying surviving spouse	\$123,000 or less	a full deduction.
	more than \$123,000 but less than \$143,000	a partial deduction.
	\$143,000 or more	no deduction.
married filing separately ²	less than \$10,000	a partial deduction.
	\$10,000 or more	no deduction.

¹ Modified AGI (adjusted gross income). See [Modified adjusted gross income \(AGI\)](#), later.

² If you didn't live with your spouse at any time during the year, your filing status is considered Single for this purpose (therefore, your IRA deduction is determined under the "Single" filing status).

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Reduced or no deduction. If either you or your spouse was covered by an employer retirement plan, you may be entitled to only a partial (reduced) deduction or no deduction at all, depending on your income and your filing status.

Your deduction begins to decrease (phase out) when your income rises above a certain amount and is eliminated altogether when it reaches a higher amount. These amounts vary depending on your filing status.

To determine if your deduction is subject to the phaseout, you must determine your modified AGI and your filing status, as explained later under *Deduction Phaseout*. Once you have determined your modified AGI and your filing status, you can use Table 1-2 or Table 1-3 to determine if the phaseout applies.

Social Security Recipients

Instead of using Table 1-2 or Table 1-3 and Worksheet 1-2, complete the worksheets in Appendix B of this publication if, for the year, all of the following apply.

- You received social security benefits.
- You received taxable compensation.
- Contributions were made to your traditional IRA.
- You or your spouse was covered by an employer retirement plan.

Use the worksheets in Appendix B to figure your IRA deduction, your nondeductible contribution, and the taxable portion, if any, of your social security benefits. Appendix B includes an example with filled-in worksheets to assist you.

Deduction Phaseout

The amount of any reduction in the limit on your IRA deduction (phaseout) depends on whether you or your spouse was covered by an employer retirement plan.

Covered by a retirement plan. If you are covered by an employer retirement plan and you didn't receive any social security retirement benefits, your IRA deduction may be reduced or eliminated depending on your filing status and modified AGI, as shown in Table 1-2.

If your spouse is covered. If you aren't covered by an employer retirement plan, but your spouse is, and you didn't receive any social security benefits, your IRA deduction may be reduced or eliminated entirely depending on your filing status and modified AGI as shown in Table 1-3.

Filing status. Your filing status depends primarily on your marital status. For this purpose, you need to know if your filing status is single or head of household, married filing jointly or qualifying surviving spouse, or married filing separately. If you need more information on filing status, see Pub. 501, Dependents, Standard Deduction, and Filing Information.

Lived apart from spouse. If you didn't live with your spouse at any time during the year and you file a separate return, your filing status, for this purpose, is single.

Modified AGI. You can use Worksheet 1-1 to figure your modified AGI. If you made contributions to your IRA for 2024 and received a distribution from your IRA in 2024, see *Both contributions for 2024 and distributions in 2024*, later.

Table 1-3. **Effect of Modified AGI¹ on Deduction if You Aren’t Covered by a Retirement Plan at Work**

If you aren’t covered by a retirement plan at work, use this table to determine if your modified AGI affects the amount of your deduction.

IF your filing status is...	AND your modified AGI is...	THEN you can take...
single, head of household, or qualifying surviving spouse	any amount	a full deduction.
married filing jointly or separately with a spouse who <i>isn’t</i> covered by a plan at work	any amount	a full deduction.
married filing jointly with a spouse who <i>is</i> covered by a plan at work	\$230,000 or less	a full deduction.
	more than \$230,000 but less than \$240,000	a partial deduction.
	\$240,000 or more	no deduction.
married filing separately with a spouse who <i>is</i> covered by a plan at work ²	less than \$10,000	a partial deduction.
	\$10,000 or more	no deduction.

¹ Modified AGI (adjusted gross income). See [Modified adjusted gross income \(AGI\)](#), later.
² You are entitled to the full deduction if you didn’t live with your spouse at any time during the year.

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Don't assume that your modified AGI is the same as your compensation.

Your modified AGI may include income in addition to your compensation (discussed earlier) such as interest, dividends, and income from IRA distributions.

Form 1040 or 1040-SR. If you file Form 1040 or 1040-SR, refigure the amount on line 11, the "adjusted gross income" line, without taking into account any of the following amounts.

- IRA deduction.
- Student loan interest deduction.
- Foreign earned income exclusion.
- Foreign housing exclusion or deduction.
- Exclusion of qualified savings bond interest shown on Form 8815.
- Exclusion of employer-provided adoption benefits shown on Form 8839. This is your modified AGI.

Form 1040-NR. If you file Form 1040-NR, refigure the amount on line 11, the “adjusted gross income” line, without taking into account any of the following amounts.

- IRA deduction.
- Student loan interest deduction.
- Exclusion of qualified savings bond interest shown on Form 8815.
- Exclusion of employer-provided adoption benefits shown on Form 8839. This is your modified AGI.

Income from IRA distributions. If you received distributions in 2024 from one or more traditional IRAs and your traditional IRAs include only deductible contributions, your distributions are fully taxable and are included in your modified AGI. See Pub. 590-B for more information on distributions.

Both contributions for 2024 and distributions in 2024. If all three of the following apply, any IRA distributions you received in 2024 may be partly tax free and partly taxable.

- You received distributions in 2024 from one or more traditional IRAs.
- You made contributions to a traditional IRA for 2024.
- Some of those contributions may be nondeductible contributions. (See *Nondeductible Contributions* and Worksheet 1-2, later.)

If this is your situation, you must figure the taxable part of the traditional IRA distribution before you can figure your modified AGI. To do this, you can use Worksheet 1-1 in Pub. 590-B.

If at least one of the above doesn't apply, figure your modified AGI using Worksheet 1-1.

How To Figure Your Reduced IRA Deduction

If you or your spouse is covered by an employer retirement plan and you didn't receive any social security benefits, you can figure your reduced IRA deduction by using Worksheet 1-2. The Instructions for Form 1040 include a similar worksheet that you can use instead of the worksheet in this publication.

If you or your spouse is covered by an employer retirement plan, and you received any social security benefits, see *Social Security Recipients*, earlier.

Note. If you were married and both you and your spouse contributed to an IRA, figure your deduction and your spouse's deduction separately.

Reporting Deductible Contributions

If you file Schedule 1 (Form 1040), enter your IRA deduction on line 20 of that form.

Self-employed. If you are self-employed (a sole proprietor or partner) and have a SIMPLE IRA, enter your deduction for allowable plan contributions on Schedule 1 (Form 1040), line 16.

Nondeductible Contributions

Although your deduction for IRA contributions may be reduced or eliminated, contributions can be made to your IRA of up to the general limit or, if it applies, the Kay Bailey Hutchison Spousal IRA limit. The difference between your total permitted contributions and your IRA deduction, if any, is your nondeductible contribution.

Example. You are 29 years old and single. In 2024, you were covered by a retirement plan at work. Your salary is \$72,000. Your modified AGI is \$90,000. You make a \$7,000 IRA contribution for 2024. Because you were covered by a retirement plan and your modified AGI is above \$87,000, you can't deduct your \$7,000 IRA contribution.

You must designate this contribution as a nondeductible contribution by reporting it on Form 8606.

Repayment of reservist distributions.

Nondeductible contributions may include repayments of qualified reservist distributions. For more information, see *Qualified reservist repayments* under *How Much Can Be Contributed*, earlier.

Difficulty of care payments. For contributions after December 20, 2019, you are able to elect to increase the nondeductible IRA contribution limit by some or all of the amount of difficulty of care payments, which are a type of qualified foster care payment, received. If you receive difficulty of care payments, then those amounts may increase the amount of nondeductible IRA contributions you can make but not above the \$7,000 IRA deductible amount (\$8,000 if you are age 50 or older).

The increase to the nondeductible IRA contribution limit equals the lesser of (i) the amount of difficulty of care payments excluded from gross income, or (ii) the amount by which the deductible limit for IRA contributions exceeds the amount of the taxpayer's compensation included in gross income for the tax year.

Form 8606. To designate contributions as nondeductible, you must file Form 8606.

You don't have to designate a contribution as nondeductible until you file your tax return. When you file, you can even designate otherwise deductible contributions as nondeductible contributions.

You must file Form 8606 to report nondeductible contributions even if you don't have to file a tax return for the year.



A Form 8606 isn't used for the year that you make a rollover from a qualified retirement plan to a traditional IRA and the rollover includes nontaxable amounts. In those situations, a Form 8606 is completed for the year you take a distribution from that IRA. See Form 8606 under Distributions Fully or Partly Taxable in Pub. 590-B.

Worksheet 1-1. **Figuring Your Modified AGI**

Keep for Your Records 

Use this worksheet to figure your modified AGI for traditional IRA purposes.

1.	Enter your adjusted gross income (AGI) from Form 1040, 1040-SR, or Form 1040-NR, line 11, figured without taking into account the amount from Schedule 1 (Form 1040), line 20	1.	_____
2.	Enter any student loan interest deduction from Schedule 1 (Form 1040), line 21	2.	_____
3.	Enter any foreign earned income exclusion and/or housing exclusion from Form 2555, line 45	3.	_____
4.	Enter any foreign housing deduction from Form 2555, line 50	4.	_____
5.	Enter any excludable savings bond interest from Form 8815, line 14	5.	_____
6.	Enter any excluded employer-provided adoption benefits from Form 8839, line 28	6.	_____
7.	Add lines 1 through 6. This is your modified AGI for traditional IRA purposes	7.	_____

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